UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.96/780
30 September 1991

ENGLISH
Original: ENGLISH

EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-second session

# UNHCR ACTIVITIES FINANCED FROM VOLUNTARY FUNDS
# REPORT FOR 1990-1991 AND PROPOSED PROGRAMMES AND BUDGET FOR 1992

## Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the High Commissioner's report on UNHCR activities financed by voluntary funds for 1990-1991 and proposed programmes and budget for 1992, as contained in the overview document (A/AC.96/775) and Parts I to VI of document A/AC.96/774. The Committee also considered a number of other documents for submission to the forty-second session of the Executive Committee in October 1991, including UNHCR's capacity to respond to emergencies (EC/SC.2/1991/CRP.14), UNHCR programme/funding projections for 1991 (EC/SC.2/1991/CRP.15) and Note on the review of the classification of the Directors'(D-2) posts in UNHCR (EC/SC.2/1991/CRP.16). In addition, the Advisory Committee had before it the UNHCR progress report on the implementation of the recommendations of the Board of Auditors and the related recommendations of the ACABQ for the year ending 31 December 1989 (A/AC.96/773) and the report on action taken by UNHCR on the recommendations of the Temporary Working Group of the Executive Committee on programme, budgetary, administrative and organizational matters (A/AC.96/761).

2. During its consideration of the above-mentioned reports, the Committee met with the High Commissioner and her colleagues who provided additional information.

### General observations

3. The Committee is of the view that there is a need for simplification and more transparency of the reports on UNHCR activities financed by voluntary funds. In this connection, the Committee believes that it is essential that

the overview document contain a consolidated overall table on the staffing of its field offices and units at Headquarters for all categories of personnel, indicating actual and proposed redeployments, reclassifictions, abolition and establishment of regular budget and project posts. The overview should also contain an overall table, listing, by objects of expenditure, actual expenses and initially proposed and revised budgetary requirements with corresponding increases/decreases. The information in tables should be clear and easy to read. The Committee further requests UNHCR, in future to provide detailed information on the utilization of the Emergency Fund which has been increased to $ 20 million.

4. In this connection, the Committee recalls its recommendation in its last report on UNHCR activities for 1989-1990 "that, in future, the details of overall allocations be re-incorporated within the overview document." As stated in paragraph 22 of the overview document (A/AC.96/775), that information is currently included in part VI of document A/AC.96/774. The Committee is of the view that some of the above information belongs more appropriately in the overview.

5. The Committee understands that some of the current procedures for reporting on programme management, implementation and evaluation of projects are cumbersome and costly. The Committee recommends that UNHCR, in close consultation with donors, should streamline its reporting and payment procedures to make them more manageable and cost-effective (see documents A/AC.96/773, para.5(e) and A/AC.96/761).

6. The Committee recalls that the Board of Auditors noted in its Report to the General Assembly on the accounts of the voluntary funds administered by UNHCR for the year ending 31 December 1990 a number of irregularities and reporting delays by implementing partners. The Committee notes that a new project agreement has been designed which makes the submission of certified/audited accounts obligatory (document A/AC.96/773, para.5 (f)). In view of the heavy reliance of UNHCR on implementing partners for the execution of projects, the Committee recommends that UNHCR further strengthen its control and monitoring procedures. The Committee is also of the view that problems related to Government implementing partners should receive greater attention by the Executive Committee.

7. The Advisory Committee welcomes the High Commissioner's observations and clarification regarding the distinction between General and Special Programmes (see recommendation of the Temporary Working Group of the Executive Committee, A/AC.96/761, paras.15 to 20). The Committee trusts that UNHCR will continue its efforts to reflect clearly the scope of coverage of General Programmes versus Special Programmes, as recommended by the Temporary Working Group.

<u>UNHCR's capacity to respond to emergencies (EC/SC.2/1991/CRP.14)</u>

8. As noted in paragraph 9 of the overview (A/AC.96/775), "the global refugee situation deteriorated in an unprecedented manner, due particularly to developments in the Middle East region and Africa. At present, there are some 17 million refugees in the world, a figure which increased dramatically as a result of some of the largest and swiftest population flows experienced during the four decades of existence of UNHCR." The High Commissioner further noted that "this past year has proven to be one of the most challenging and dramatic in UNHCR's history. We have been faced with refugee emergencies of unprecedented scale and complexity."

9. The Committee appreciates that UNHCR was able to deal with the recent large number of emergencies and notes that the expansion of the Emergency Fund from $ 10 to $ 20 million has provided the Office with more flexibility to respond to emergencies. The Committee notes from paragraph 27 of the overview document that "during the first five and a half months of 1991, $ 16 million had to be allocated from the Fund for emergency needs, of which $ 3 million was later reimbursed to the Fund, following the receipt of contributions to special appeals."

10. The Committee welcomes the High Commissioner's proposals in document EC/SC.2/1991/CRP.14 to improve UNHCR's emergency preparedness and response capability through provision of qualified stand-by personnel and emergency stockpiles. The Committee notes that the proposed mechanism is based on the concept of five Emergency Response Teams, each comprising five staff members with a wide variety of expertise, who would remain on their normal posts on stand-by; in addition, each team would be headed by a full-time Team Leader. To this effect, UNHCR proposes to establish five Professional posts in the Emergency Preparedness and Response Section with recurring costs estimated at $ 900,000 annually from the Emergency Fund; these would subsequently be attributed as support costs to emergency operations as they arise. The Committee was informed that the breakdown for the estimated annual requirements and the period October to December 1991 would be as follws:

Emergency preparedness and response
in US dollars

| Description of budget items | Est. Annual Requirements | Requirements Oct/Dec. 91 |
|---|---|---|
| Salaries: | | |
| 5 P4/L4 Team Leaders | 393,000 | 98,250 |
| 1 G6 Programme Assistant | 51,000 | 12,750 |
| 2 G4 Secretaries | 86,000 | 21,500 |
| Sub-total Salaries: | 530,000 | 132,500 |
| Common Staff Costs | 185,000 | 46,250 |
| Travel | 75,000 | 18,750 |
| General Operating Expenses | 45,000 | 11,250 |
| Supplies and Materials | 15,000 | 10,000 |
| Permanent Equipment | 50,000 | 30,000 |
| TOTAL: | 900,000 | 248,750 |

11. The Committee notes that UNHCR plans to establish an Emergency Roster of approximately 80 UNHCR staff as a back-up to the Emergency Response Teams, maintain a computerized roster of over 500 technical specialists experienced with UNHCR, including locally available experts as well as UN Volunteers, and

establish a mechanism in large-scale emergencies for the call-up of short-term personnel on secondment from Governments. The High Commissioner intends to sign formal agreements with donors for stand-by capacity, including short-lists of local expertise for emergencies.

12. The Committee notes that UNHCR proposes to establish an emergency stockpile at a cost of $ 3.1 million, at current market rates for a population of about 50,000, to enhance its capacity to respond to emergency situations. The Committee was informed by representatives of the High Commissioner that donors might make special contributions to meet the start-up costs for the emergency stockpile, including warehouse management and transportation, and that it is likely that there would be no need to resort to the Emergency Fund. The Committee further notes that the cost of supplies used from the stockpile for emergencies would be charged to specific emergency operations, thus ensuring its automatic replenishment.

13. The High Commissioner emphasized the importance of inter-agency co-operation in emergency relief coordination and reintegration assistance and the need for a strong standing capacity of each participating agency to strengthen the current system. The Committee understands that to this effect, an informal Interagency-Group has been established. The Committee welcomes the measures taken by UNHCR and emphasizes the need for corresponding initiatives by other agencies, in particular the establishment of a mechanism for effective co-ordination of emergency operations.

Classification review of Director (D-2) posts (EC/SC.2/1991/CRP.16)

14. The High Commissioner proposes a net increase of four D-2 posts from a total of 12 to 16 D-2 posts as a result of the reclassification of five D-1 posts to the D-2 level and the downgrading of one D-2 post. The 16 D-2 posts would be assigned as follows: nine at headquarters for the heads of divisions/bureaux (Division of International Protection, Divion of Programmes, Support, Budget and Finance, Division of External Affairs, Division of Human Resources Management and five Regional Bureaux) and seven in the field for the (Regional) Representatives in Ethiopia, Sudan, Pakistan, Thailand, Costa Rica, Senegal and at United Nations headquarters, New York).

15. The Committee has, in principle, no objection to the proposed upgrading, taking into account that the number of senior posts at UNHCR is relatively low compared to the total 1991 budget of UNHCR and the increased scope and complexity of programmes and emergencies. At the same time, the Committee cautions against compartmentalization and grade-creep at UNHCR headquarters and requests the High Commissioner and the Executive Committee to keep the present structure of UNHCR under review with this in mind. The Committee points out that over the last years the number of senior posts at the P-5 level and above has risen faster at headquarters than in the field, resulting in an increase of the average grade at headquarters from 3.75 in 1986 to 3.98 in 1991 while it declined in the field from 3.52 to 3.50. The Committee therefore believes that there is a need to devise a coherent and practical policy for the proper grading of posts at headquarters and in the field.

Programme/funding projections for 1991 (EC/SC.2/1991/CRP.15)

16. As can be seen from the table in document EC/SC.2/1991/CRP.15, a total shortfall of $ 93.5 million is projected for all sources of funding. The Committee notes that as at 1 September 1991, UNHCR has received income of $ 352.7 million for General Programmes against 1991 funding requirements of $ 368.2 million and is projecting further income of $ 15.5 million by the end of this year. The Committee was informed that the funding for General Programmes in 1991 is more or less assured and that no shortfall will occur.

17. With regard to Special Programmes, the Committee notes that as at 1 September 1991, UNHCR has recveived $ 437.8 million against 1991 funding requirements of $ 565.1 million and is projecting further income of $ 75.0 million by the end of this year, resulting in a projected shortfall of $ 52.3 million. The Committee was informed that there is a good prospect that the projected shortfall will be reduced by the end of this year by special contributions in response to additional appeals launched by the High Commissioner regarding the Horn of Africa and other Special Programmes.

18. Representatives of the High Commissioner stated that in response to funding appeals by the Secretary-General donors have given indications of contributions in kind for the Western Sahara repatriation in the amount of $ 16.5 million and for other operations.

Overall expenditure

19. The Committee was provided with three tables on 1990 UNHCR expenditure, 1991 initial and revised estimates and 1992 projections: Table A summarizes by continent total UNHCR expenditure in 1990 from all sources of funding and provides the 1991 initial and revised/approved estimates as well as projections for 1992. Table B provides a breakdown of the same totals by allocations (operations and programme support & administration) and source of funds (Regular Programme, General Programmes and Special Programmes). In table C the programme support and administration totals are broken down by source of funds. Information regarding Special Programmes budgets has been included to provide a complete list of expenditures. The Committee requests that, in future, these tables be included in the overview document.

TABLE A

TOTAL UNHCR EXPENDITURE IN 1990, ESTIMATES FOR 1991 AND PROJECTIONS FOR 1992

| REGIONAL BUREAU/ OVERALL ALLOCATIONS | 1990 | | 1991 | | | | 1992 | |
|---|---|---|---|---|---|---|---|---|
| | EXPENDITURE | | INITIAL ESTIMATES | | REVISED ESTIMATES | | PROJECTIONS | |
| | US$ '000 | % | US$ '000 | % | US$ '000 | % | US$ '000 | % |
| Africa | 225,867.8 | 40.1% | 193,711.9 | 36.1% | 239,239.1 | 24.5% | 180,555.8 | 30.1% |
| Asia and Oceania | 101,908.7 | 18.1% | 127,808.4 | 23.8% | 148,942.1 | 15.2% | 136,563.3 | 22.8% |
| Europe and North America | 27,300.3 | 4.8% | 20,560.2 | 3.8% | 31,927.9 | 3.3% | 24,707.1 | 4.1% |
| Latin America and the Caribbean | 43,392.3 | 7.7% | 26,347.8 | 4.8% | 47,598.7 | 4.8% | 40,474.7 | 6.7% |
| South West Asia, North Africa and the Middle East | 97,559.7 | 17.3% | 62,159.6 | 11.6% | 395,714.0 | 40.5% | 96,695.0 | 16.1% |
| Overall allocations | 67,833.2 | 12.0% | 105,592.9 | 19.7% | 113,393.3 | 11.6% | 121,018.3 | 20.2% |
| SUB-TOTAL | 563,862.0 | 100.0% | 536,180.9 | 100.0% | 976,815.1 | 100.0% | 600,014.2 | 100.0% |
| Programme Reserve | a/ | | 12,760.4 | | 7,500.0 | | 32,095.9 | |
| Emergency Fund | a/ | | 20,000.0 | | 13,337.0 | | 20,000.0 | |
| TOTAL | 563,862.0 | | 568,941.3 | | 997,652.1 | | 652,110.1 | |

a/ Actual expenditure are included above in the relevant regions.

TABLE B

TOTAL UNHCR EXPENDITURE IN 1990, ESTIMATES FOR 1991 AND PROJECTIONS FOR 1992

(by allocations and sources of funds)

| ALLOCATIONS/ SOURCE OF FUNDS | 1990 EXPENDITURE US$ '000 | 1990 EXPENDITURE % | 1991 INITIAL ESTIMATES US$ '000 | 1991 INITIAL ESTIMATES % | 1991 REVISED ESTIMATES US$ '000 | 1991 REVISED ESTIMATES % | 1992 PROJECTIONS US$ '000 | 1992 PROJECTIONS % |
|---|---|---|---|---|---|---|---|---|
| Allocation | | | | | | | | |
| Operations | 474,661.0 | 84.2% | 490,804.0 | 86.3% | 916,870.2 | 91.9% | 573,371.9 | 87.9% |
| Programme Support & Administration | 89,201.0 | 15.8% | 78,137.3 | 13.7% | 80,781.9 | 8.1% | 78,738.2 | 12.1% |
| TOTAL | 563,862.0 | 100.0% | 568,941.3 | 100.0% | 997,652.1 | 100.0% | 652,110.1 | 100.0% |
| Source of funds | | | | | | | | |
| Regular Budget | 19,852.5 | 3.5% | 17,296.3 | 3.0% | 17,312.3 | 1.7% | 17,185.6 | 2.6% |
| General Programmes | 331,293.4 | 58.8% | 356,555.5 | 62.6% | 379,038.3 | 38.0% | 373,054.8 | 57.2% |
| Special Programmes | 212,716.1 | 37.7% | 196,089.5 | 34.5% | 601,303.5 | 60.3% | 261,869.7 | 40.2% |
| TOTAL | 563,862.0 | 100.0% | 568,941.3 | 100.0% | 997,652.1 | 100.0% | 652,110.1 | 100.0% |

TABLE C

BREAKDOWN OF UNHCR PROGRAMME SUPPORT AND ADMINISTRATIVE COSTS BY SOURCE OF FUNDS

FOR 1990 EXPENDITURE, 1991 (INITIAL AND REVISED) AND 1992

| SOURCE OF FUNDS | 1990 EXPENDITURE US$ '000 | 1990 EXPENDITURE % | 1991 INITIAL ESTIMATES US$ '000 | 1991 INITIAL ESTIMATES % | 1991 REVISED ESTIMATES US$ '000 | 1991 REVISED ESTIMATES % | 1992 PROJECTIONS US$ '000 | 1992 PROJECTIONS % |
|---|---|---|---|---|---|---|---|---|
| Regular Budget | 19,852.5 | 22.3% | 17,296.3 | 22.1% | 17,312.3 | 21.4% | 17,185.6 | 21.8% |
| General Programmes | 61,427.9 | 68.9% | 55,522.9 | 71.1% | 58,409.6 | 72.3% | 57,032.9 | 72.4% |
| Special Programmes | 7,920.6 | 8.9% | 5,318.1 | 6.8% | 5,060.0 | 6.3% | 4,519.7 | 5.7% |
| TOTAL | 89,201.0 | 100.0% | 78,137.3 | 100.0% | 80,781.9 | 100.0% | 78,738.2 | 100.0% |

General Programmes

20. The Committee notes from the overview (table on UNHCR General Programmes) that the total expenditure for 1990 General Programmes in the end-of-year accounts amounted to $ 331,293,400, including $ 7,046,500 for the Emergency Fund and a reduction of $ 12,281,875 for internal transportation, storage and handling (ITSH) met through WFP. As recalled in paragraph 54 of the overview, the forty-first session of the Executive Committee approved a budget for 1991 General Programmes of $ 345,555,500, which was subsequently increased by the Executive Committee at its special sessions in February and June 1991 to $ 355,555,500 to include a $ 10 million increase in the Emergency Fund and then to $ 379,036,300 (see A/AC.96/771) to cover new needs, especially in Africa (see table B above). Details of these estimates and overall allocations are included in document A/AC.96/774 (Parts I to VI).

21. The Committee was informed that in June 1991 the High Commissioner and the Executive Director of the World Food Programme (WFP) submitted to Governments proposals for a new working arrangement which would entail an expansion of WFP's responsibility in both resource mobilisation and delivery of refugee food aid as from 1 January 1992. Accordingly, WFP would become the lead-agency for fund-raising and internal transportation of food aid. The Committee was informed that many donors have indicated their support, in principle, and have asked for more time to examine fully the implications of the new arrangements on their current pledging procedures. In view of this delay, the envisaged transfer of responsibilities to WFP would now have to be phased in over a period of time and transitional arrangements would be worked out between WFP and UNHCR in 1992 in close consultation with donors. The Committee notes that under the already ongoing co-operation arrangements between the two agencies, reimbursement to UNHCR by WFP of $ 20 million in 1991 and 1992 respectively are budgeted for (see overview document, para.54).

22. The High Commissioner informed the Committee that while emergency operations have increased and the vast majority of refugee situations are long-standing ones, another major priority was to seek durable solutions. The repatriation situation as the best durable solution had improved with the safe return of Namibians and Nicaraguans and the start of the return of Afghans. The voluntary repatriation of refugees to Western Sahara, South Africa and Cambodia is now being prepared. The High Commssioner noted that there was a need for more funds and more strategic thinking to facilitate voluntary repatriation and the reintegration of returnees; consequently, the conditions in the countries of origin needed to be improved so that returnees do not become destitute again after their repatriation. The Committee fully concurs in the High Commssioner's views and notes that there is an urgent need for closer co-operation with other agencies in the area of refugee aid and development.

Programme Reserve

23. As recalled in paragraph 56 of the overview, the 1990 revised target of $ 340.9 million for General Programmes, as approved by the Executive Committee, included a Programme Reserve of $ 3 million. In 1991, the Programme Reserve was initially established at a level of 3 per cent of programme activities for 1991, or $ 12,760,400. For the period June-December 1991, it was reduced to $ 7.5 million in the revised target for General

Programmes. For 1992, the High Commissioner proposes to raise the level of the Programme Reserve to $ 32,095,900 in 1992, or 10 per cent of programmed activities, as was the case in the past, taking into account a $ 20 million reduction from the programme activities for ITSH. Upon inquiry, the Committee was informed that the Programme Reserve can only be used for General Programmes, including programme support and administration (PSA) and project personnel expenditure (PPE).

24. The Committee was informed that the increase in the Programme Reserve would enable the High Commissioner to respond promptly to the rapidly changing programme needs without having to resort to a large number of special funding appeals. The Committee concurs in the High Commissioner's proposal to increase the Programme Reserve to 10 per cent of programmed activities for the purposes indicated in paragraph 57 of the overview document.

Interest and exchange gains/losses

25. Upon inquiry, the Committee was informed that interest earnings and net exchange rate gains from invested funds are credited to the General Fund in accordance with UNHCR Financial Rule 9.3 and not to the respective trust fund or special account which generated this income. The Committee, however, notes that the UNHCR Financial Rules also provide for a number of major exceptions such as adjustments to prior years' expenditure to be applied to the fund from which the expenditure was incurred. The Committee is of the view that interest income or exchange rate gains accrued from funds in a trust fund or special account should normally be credited to that account, as is the practice at the United Nations. In this connection, the Committee recalls that according to Financial Rule 109.4 (b) of the United Nations:

> "Income from investments of trust funds and special accounts shall include amounts from investments, royalties and other income derived from or accruing to such funds and shall be credited to the trust fund or special account concerned."

Accordingly, the Committee recommends that the matter be reviewed in consultation with donors.

Support costs

26. The Committee notes that the actual UNHCR expenditure in 1990 for PSA and PPE under General Programmes totalled $ 97.3 million compared to the 1990 estimates of $ 93.3 million. As indicated in paragraphs 152.1 to 153 of the overview document, the impact of the measures to improve the remuneration system of the Professional category and above under General Assembly resolution 44/198 accounts for $ 1.9 million of the increase in expenditure in 1990, a further $ 1.9 million relates to the cost in 1990 of the retrenchment exercise and an additional $ 2.0 million to exchange rate losses, partly offset by savings of $ 1.8 million on non-staff costs (mainly in the field) through economy measures introduced in 1990. With regard to the increase of $ 1.9 million, the Committee recalls that in its resolution 44/198 I the General Assembly requested the organizations concerned:

> "to make all necessary efforts to absorb in 1991 and subsequent years a significant portion of the additional costs arising in respect of the regular budget of the United Nations as a result of the adoption of the present resolution."

27. The Committee recalls that the High Commissioner indicated in the overview document on UNHCR activities for 1989-1990 (A/AC.96/753, para.115) the plan "to analyze the current distribution of posts between Programme Support and Administration (PSA) and Project personnel Expenditure (PPE) based on the functions carried out by each post as well as the programme to which they are affected." The Committee notes from paragraph 170 of the overview that UNHCR has not been in a position to carry out such a study due to the additional workload relating to the large increase of emergency operations. The Committee therefore requests that the distribution of PSA and PPE posts at UNHCR be analysed and a comprehensive report be submitted to the Advisory Committee for early consideration.

Overall staffing situation

28. As indicated in the analysis of overall staffing levels (PSA/PPE) under paragraph 170 of the overview, the number of posts increased at headquarters from 481 as at 1 January 1986 to 567 as at 1 July 1991 while it increased in the field from 1593 to 1662; this corresponds to an increase of 18 per cent at headquarters compared to only 4 per cent in the field. As a result, over the last five years the ratio of total posts at headquarters/field shifted in favour of headquarters from 23.2 to 25.4 per cent. The Committee expresses its concern about this development, bearing in mind the recommendation of the Temporary Working Group of the Executive Committee, which:

> "Underlined that greater effort should be made to discontinue headquarters positions. The existing 25/75 per cent ratio of headquarters to field positions should be further shifted in favour of the field. This would put more UNHCR personnel in the field to carry out operational activities, and reduce overall personnel costs due to the high cost of maintaining personnel in Geneva." (A/AC.96/742, para.41(1))

The Advisory Committee therefore cautions UNHCR against a disproportionate increase of headquarters posts compared to the field.

29. The Committee understands that UNHCR is facing serious difficulties in accommodating the increasing number of headquarters staff in several buildings at Geneva which is not very efficient and entails additional costs. The Committee points out that to the extent UNHCR is successful in increasing the proportion of its staff in the field, the pressure on headquarters accommodation will ease.

30. Subject to the observations and recommendations made above, the Advisory Committee has no objection to the proposed overall allocations for the 1992 General Programmes amounting to $ 373,054,800, including $ 32,095,900 for the Programme Reserve and $ 20 million for the Emergency Fund, as summarized in paragraph 58 of the overview document (A/AC.96/775).